

**BOARD OF EDUCATION  
BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
Leon, Kansas**

**Financial Statements  
June 30, 2011**

**with  
Independent Auditors' Report**

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

Financial Statements

Year Ended June 30, 2011

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BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

Financial Statements

Year Ended June 30, 2011

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**PETERSON, PETERSON & GOSS, L.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

417 NORTH TOPEKA AVENUE  
P.O. BOX 1259

**WICHITA, KANSAS 67201-1259**

TELEPHONE 316-262-8371

FAX 316-262-5369

www.ppglc.com

**MEMBERS**

GREGORY B. SEVIER, C.P.A.  
JOHN B. GOSS, C.P.A.

**PRINCIPALS**

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CERTIFIED PUBLIC ACCOUNTANTS

**OF COUNSEL**  
MARVIN W. NYE, C.P.A.

**INDEPENDENT AUDITORS' REPORT**

Board of Education  
Bluestem Unified School District No. 205  
Leon, Kansas

We have audited the accompanying financial statements of the individual funds of Bluestem Unified School District No. 205, Leon, Kansas, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Kansas Municipal Audit Guide, auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the District's policy is to prepare its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of each of the various funds of Bluestem Unified School District No. 205, Leon, Kansas, as of June 30, 2011, and the revenues received and expenditures paid of such funds for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2012, on our consideration of Unified School District No. 205's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of Unified School District No. 205, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole.

This report is intended solely for the use of the management of Unified School District No. 205, the Kansas Department of Education, and other federal awarding agencies and pass-through agencies and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by Unified School District No. 205, is a matter of public record.

Peterson Peterson & Zoss, LC

January 16, 2012

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
Summary of Cash Receipts, Expenditures and Unencumbered Cash  
Year Ended June 30, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances	Ending Cash Balance
General	\$ (271,314)	\$ -	\$ 4,341,673	\$ 4,325,646	\$ (255,287)	\$ 73,455	\$ (181,832)
Supplemental General	(114,365)		1,566,885	1,428,059	24,461	25,844	50,305
Special Revenue:							
At Risk (K-12)	-		90,639	90,639	-	-	-
Capital Outlay	476,033		217,693	432,688	261,038	40,719	301,757
Contingency Reserve	315,330		31,060	-	346,390	-	346,390
Driver Training	14,182		2,146	621	15,707	-	15,707
Food Service	38,096		250,302	251,093	37,305	-	37,305
KPERS Special Retirement Contribution	-		205,620	205,620	-	-	-
Professional Development	37,607		-	9,875	27,732	7,529	35,261
Special Education	132,264		773,574	773,322	132,516	-	132,516
Vocational Education	-		291,822	291,822	-	-	-
Textbook Rental and Student Material Revolving	29,281		26,466	31,164	24,583	25	24,608
Auditorium Renovation	624		112	-	736	-	736
District Activity	1,900		24,047	24,841	1,106	-	1,106
Gifts and Grants	2,964		14,447	15,404	2,007	-	2,007
Rural School Achievement Grant	-		27,188	27,188	-	-	-
Federal Projects:							
Title I	-		120,657	120,657	-	52	52
Title IIA	-		28,670	28,670	-	600	600
Title IID	-		257	257	-	-	-
Debt Service:							
Bond and Interest	936,816		616,638	608,588	944,866	-	944,866
Expendable Trust:							
Flexible Spending Account	2,987		46,346	48,890	443	-	443
Total Reporting Entity	\$ 1,602,405	\$ -	\$ 8,676,242	\$ 8,715,044	\$ 1,563,603	\$ 148,224	\$ 1,711,827

The notes to the financial statements are an integral part of this statement.

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
Summary of Cash Receipts, Cash Disbursements and Unencumbered Cash  
Year Ended June 30, 2011

## Composition of Cash:

Checking Accounts - State Bank of Leon (excess of outstanding checks over bank balance)	\$ (172,441)
Money Market Accounts - State Bank of Leon	1,695,486
Petty Cash Checking Account - State Bank of Leon	600
Certificates of Deposit - State Bank of Leon	422,580
Payroll Clearing	<u>(148,792)</u>
Total Cash	1,797,433

Agency Funds per Statement 4	<u>(85,606)</u>
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Total Reporting Entity (Excluding Agency Funds)	<u><u>\$ 1,711,827</u></u>
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The notes to the financial statements are an integral part of this statement.

## BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

## Summary of Expenditures - Actual and Budget

Year Ended June 30, 2011

Funds	Certified Budget	Adjustment to Comply With Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)
General	\$ 4,402,368	\$ (122,849)	\$ 46,127	\$ 4,325,646	\$ 4,325,646	\$ -
Supplemental General	1,428,059			1,428,059	1,428,059	-
Special Revenue:						
At Risk (K-12)	427,734			427,734	90,639	337,095
Capital Outlay	659,400			659,400	432,688	226,712
Driver Training	14,375			14,375	621	13,754
Food Service	290,000			290,000	251,093	38,907
KPERS Special Retirement Contribution	292,348			292,348	205,620	86,728
Professional Development	30,000			30,000	9,875	20,125
Special Education	730,000			730,000	773,322	(43,322)
Vocational Education	328,000			328,000	291,822	36,178
Debt Service:						
Bond and Interest	608,738			608,738	608,588	150

The notes to the financial statements are an integral part of this statement.



## BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

## General Fund

Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended June 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and Shared Revenue:			
Ad valorem property	\$ 491,947	\$ 492,643	\$ 696
Delinquent tax	8,724	30,115	21,391
Mineral production tax	-	2,983	2,983
Federal Aid:			
ARRA stabilization funds	80,827	80,827	-
Education job funds	-	141,527	141,527
State Aid:			
Equalization aid	3,187,899	2,956,879	(231,020)
Special education aid	510,120	590,572	80,452
Reimbursements (net \$1,098 state aid)	46,127	46,127	-
Total Cash Receipts	4,325,644	4,341,673	16,029
Expenditures:			
Instruction	2,045,266	2,095,341	(50,075)
Student support services	237,500	219,945	17,555
Instructional support services	222,400	182,868	39,532
General administration	320,100	241,118	78,982
School administration	341,200	250,990	90,210
Operation and maintenance	319,562	320,108	(546)
Student transportation services	276,220	224,259	51,961
Transfers to:			
At Risk (K-12) Fund	-	500	(500)
Capital Outlay	130,000	-	130,000
Contingency Reserve	-	31,060	(31,060)
Special Education Fund	510,120	743,000	(232,880)
Vocational Education Fund	-	16,457	(16,457)
Adjustment to comply with legal max	(122,849)		(122,849)
Legal General Fund Budget	4,279,519	4,325,646	(46,127)
Adjustment for qualifying budget credits	46,127		46,127
Total Expenditures	4,325,646	4,325,646	-
Receipts Over (Under) Expenditures	(2)	16,027	16,029
Unencumbered Cash, Beginning	2	(271,314)	(271,316)
Unencumbered Cash, Ending	\$ -	\$ (255,287)	\$ (255,287)

The notes to the financial statements are an integral part of this statement.

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
 Supplemental General Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and Shared Revenue:			
Ad valorem property	\$ 719,361	\$ 748,384	\$ 29,023
Delinquent tax	11,071	37,077	26,006
Motor vehicle tax	111,561	95,128	(16,433)
State Aid:			
Supplemental state aid	586,066	686,296	100,230
Total Cash Receipts	<u>1,428,059</u>	<u>1,566,885</u>	<u>138,826</u>
Expenditures:			
Instruction	160,000	169,675	(9,675)
Operations and maintenance	267,938	663,699	(395,761)
Principal on QSCB Bond	-	130,000	(130,000)
Student transportation services	89,000	79,493	9,507
Transfers to:			
At Risk (K-12) Fund	427,734	90,139	337,595
Food Service Fund	27,539	27,000	539
Special Education Fund	192,000	-	192,000
Vocational Education Fund	308,000	268,053	39,947
Adjustment to comply with legal max	(44,152)	-	(44,152)
Total Expenditures	<u>1,428,059</u>	<u>1,428,059</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	138,826	138,826
Unencumbered Cash, Beginning	<u>-</u>	<u>(114,365)</u>	<u>(114,365)</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 24,461</u>	<u>\$ 24,461</u>

The notes to the financial statements are an integral part of this statement.

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
At Risk (K-12) Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Transfers from:			
General Fund	\$ -	\$ 500	\$ 500
Supplemental General Fund	<u>427,734</u>	<u>90,139</u>	<u>(337,595)</u>
Total Cash Receipts	427,734	90,639	(337,095)
Expenditures:			
Instruction	<u>427,734</u>	<u>90,639</u>	<u>337,095</u>
Total Expenditures	<u>427,734</u>	<u>90,639</u>	<u>337,095</u>
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
 Capital Outlay Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and Shared Revenue:			
Ad valorem property	\$ 59,529	\$ 57,135	\$ (2,394)
Delinquent tax	1,988	6,859	4,871
Motor vehicle tax	24,072	20,694	(3,378)
Interest earnings	30,000	15,542	(14,458)
Other	90,000	117,463	27,463
Transfer from General Fund	130,000	-	(130,000)
Total Cash Receipts	<u>335,589</u>	<u>217,693</u>	<u>(117,896)</u>
Expenditures:			
Equipment and furnishings	359,400	384,003	(24,603)
Interest on QSCB Bonds	300,000	48,685	251,315
Total Expenditures	<u>659,400</u>	<u>432,688</u>	<u>226,712</u>
Receipts Over (Under) Expenditures	(323,811)	(214,995)	108,816
Unencumbered Cash, Beginning	<u>399,840</u>	<u>476,033</u>	<u>76,193</u>
Unencumbered Cash, Ending	<u>\$ 76,029</u>	<u>\$ 261,038</u>	<u>\$ 185,009</u>

The notes to the financial statements are an integral part of this statement.

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
Contingency Reserve Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended June 30, 2011

## Cash Receipts:

Transfer from General Fund	<u>\$ 31,060</u>
Receipts Over (Under) Expenditures	31,060
Unencumbered Cash, Beginning	<u>315,330</u>
Unencumbered Cash, Ending	<u><u>\$ 346,390</u></u>

The notes to the financial statements are an integral part of this statement.

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
 Driver Training Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
State aid	\$ 2,100	\$ 2,146	\$ 46
Other	12,000	-	(12,000)
Total Cash Receipts	<u>14,100</u>	<u>2,146</u>	<u>(11,954)</u>
Expenditures:			
Instruction	12,875	621	12,254
Operation and maintenance	1,500	-	1,500
Total Expenditures	<u>14,375</u>	<u>621</u>	<u>13,754</u>
Receipts Over (Under) Expenditures	(275)	1,525	1,800
Unencumbered Cash, Beginning	<u>12,275</u>	<u>14,182</u>	<u>1,907</u>
Unencumbered Cash, Ending	<u><u>\$ 12,000</u></u>	<u><u>\$ 15,707</u></u>	<u><u>\$ 3,707</u></u>

The notes to the financial statements are an integral part of this statement.

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
Food Service Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
State aid	\$ 2,835	\$ 2,324	\$ (511)
Federal aid	118,733	132,265	13,532
Charges for services	128,980	88,713	(40,267)
Transfer from Supplemental General Fund	27,539	27,000	(539)
Total Cash Receipts	<u>278,087</u>	<u>250,302</u>	<u>(27,785)</u>
Expenditures:			
Food service operation	<u>290,000</u>	<u>251,093</u>	<u>38,907</u>
Receipts Over (Under) Expenditures	(11,913)	(791)	11,122
Unencumbered Cash, Beginning	<u>38,096</u>	<u>38,096</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ 26,183</u></u>	<u><u>\$ 37,305</u></u>	<u><u>\$ 11,122</u></u>

The notes to the financial statements are an integral part of this statement.

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
 KPERS Special Retirement Contribution Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
State aid	\$ 292,348	\$ 205,620	\$ (86,728)
Expenditures:			
Instruction	194,204	128,350	65,854
Student support	17,814	11,822	5,992
Instructional support	15,012	11,133	3,879
General administration	10,752	12,407	(1,655)
School administration	21,147	14,920	6,227
Operations and maintenance	15,472	14,451	1,021
Student transportation services	12,297	9,135	3,162
Food service	5,650	3,402	2,248
Total Expenditures	<u>292,348</u>	<u>205,620</u>	<u>86,728</u>
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.



BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
Professional Development Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:			
Support services	<u>\$ 30,000</u>	<u>\$ 9,875</u>	<u>\$ 20,125</u>
Receipts Over (Under) Expenditures	(30,000)	(9,875)	20,125
Unencumbered Cash, Beginning	<u>37,608</u>	<u>37,607</u>	<u>(1)</u>
Unencumbered Cash, Ending	<u><u>\$ 7,608</u></u>	<u><u>\$ 27,732</u></u>	<u><u>\$ 20,124</u></u>

The notes to the financial statements are an integral part of this statement.

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
Special Education Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Other	\$ 30,000	\$ 30,574	\$ 574
Transfers from:			
General Fund	510,120	743,000	232,880
Supplemental General Fund	192,000	-	(192,000)
Total Cash Receipts	<u>732,120</u>	<u>773,574</u>	<u>41,454</u>
Expenditures:			
Instruction	667,000	741,973	(74,973)
Student transportation services	63,000	31,349	31,651
Total Expenditures	<u>730,000</u>	<u>773,322</u>	<u>(43,322)</u>
Receipts Over (Under) Expenditures	2,120	252	(1,868)
Unencumbered Cash, Beginning	<u>134,172</u>	<u>132,264</u>	<u>(1,908)</u>
Unencumbered Cash, Ending	<u>\$ 136,292</u>	<u>\$ 132,516</u>	<u>\$ (3,776)</u>

The notes to the financial statements are an integral part of this statement.

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
 Vocational Education Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Other	\$ 20,000	\$ 7,312	\$ (12,688)
Transfers from:			
General Fund	-	16,457	16,457
Supplemental General Fund	308,000	268,053	(39,947)
Total Cash Receipts	<u>328,000</u>	<u>291,822</u>	<u>(36,178)</u>
Expenditures:			
Instruction	<u>328,000</u>	<u>291,822</u>	<u>36,178</u>
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
Textbook Rental and Student Material Revolving Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended June 30, 2011

## Cash Receipts:

Textbook rental, fees	\$ 24,200
Shop fees and projects	<u>2,266</u>
Total Cash Receipts	26,466

## Expenditures:

Textbook purchases, supplies	<u>31,164</u>
------------------------------	---------------

Receipts Over (Under) Expenditures (4,698)

Unencumbered Cash, Beginning 29,281

Unencumbered Cash, Ending \$ 24,583

The notes to the financial statements are an integral part of this statement.

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
Auditorium Renovation Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended June 30, 2011

## Cash Receipts:

Interest

\$ 112

Receipts Over (Under) Expenditures

112

Unencumbered Cash, Beginning

624

Unencumbered Cash, Ending

\$ 736

The notes to the financial statements are an integral part of this statement.

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
 Gifts and Grants Fund  
 Statement of Cash Receipts and Expenditures - Actual  
 Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Grants	\$       -	\$   14,447	\$   14,447
Expenditures:			
Equipment	<u>2,964</u>	<u>15,404</u>	<u>(12,440)</u>
Receipts Over (Under) Expenditures	(2,964)	(957)	2,007
Unencumbered Cash, Beginning	<u>2,964</u>	<u>2,964</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$       -</u></u>	<u><u>\$   2,007</u></u>	<u><u>\$   2,007</u></u>

The notes to the financial statements are an integral part of this statement.

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
Rural School Achievement Grant  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended June 30, 2011

## Cash Receipts:

Grant

\$ 27,188

## Expenditures:

Grant expenses

27,188

Receipts Over (Under) Expenditures

-

Unencumbered Cash, Beginning

-

Unencumbered Cash, Ending

\$ -

The notes to the financial statements are an integral part of this statement.

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
Federal Projects Funds  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended June 30, 2011

	<u>Title I</u>	<u>Title IIA</u>	<u>Title IID</u>
Cash Receipts:			
Federal aid	\$ 76,034	\$ 28,670	\$ 257
ARRA - Federal aid	44,623	-	-
Total cash receipts	<u>120,657</u>	<u>28,670</u>	<u>257</u>
Expenditures:			
Instruction and supplies	<u>120,657</u>	<u>28,670</u>	<u>257</u>
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.



BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
 Bond and Interest Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and Shared Revenue:			
Ad valorem property	\$ 358,527	\$ 356,912	\$ (1,615)
Delinquent tax	6,397	21,280	14,883
Motor vehicle tax	65,498	55,870	(9,628)
State aid	182,576	182,576	-
Total Cash Receipts	<u>612,998</u>	<u>616,638</u>	<u>3,640</u>
Expenditures:			
Principal	545,000	545,000	-
Interest	63,588	63,588	-
Commission and postage	150	-	150
Total Expenditures	<u>608,738</u>	<u>608,588</u>	<u>150</u>
Receipts Over (Under) Expenditures	4,260	8,050	3,790
Unencumbered Cash, Beginning	<u>936,814</u>	<u>936,816</u>	<u>2</u>
Unencumbered Cash, Ending	<u><u>\$ 941,074</u></u>	<u><u>\$ 944,866</u></u>	<u><u>\$ 3,792</u></u>

The notes to the financial statements are an integral part of this statement.

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
Expendable Trust - Flexible Spending Account  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended June 30, 2011

## Cash Receipts:

Employee contributions	\$ 46,346
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## Expenditures:

Third party payer expenses	<u>48,890</u>
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Receipts Over (Under) Expenditures	(2,544)
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Unencumbered Cash, Beginning	<u>2,987</u>
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Unencumbered Cash, Ending	<u><u>\$ 443</u></u>
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The notes to the financial statements are an integral part of this statement.

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
School Activity Funds  
Statement of Cash Receipts and Cash Disbursements - Actual  
Year Ended June 30, 2011

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Student Organization Funds:				
Bluestem High School:				
Activities	\$ 3,924	\$ 18,767	\$ 22,502	\$ 189
Art	183		2	181
Band	965	5,559	6,351	173
Baseball	729	2,268	2,374	623
Battle Buddies	12	128	-	140
BMS Petty Cash	-	800	-	800
BMS Stuco	-	1,553	507	1,046
8th Grade	-	1,970	825	1,145
BMS Cheerleading	-	413	12	401
Boys Basketball	5	853	858	-
Chamber Singers	21	-	-	21
Cheerleaders	2,953	14,816	8,882	8,887
Class of 2005	404	-	-	404
Class of 2007	1,490	-	-	1,490
Class of 2008	596	-	596	-
Class of 2010	519	-	-	519
Class of 2011	1,657	422	1,040	1,039
Class of 2012	3,023	1,860	4,216	667
Class of 2013	2,667	1,533	461	3,739
Class of 2014	-	2,008	1,030	978
Concessions	6,941	25,292	28,451	3,782
Crime Stoppers	299	-	-	299
Cross Country	288	-	55	233
Drill Team	563	4,326	3,982	907
Driver's Ed	-	4,444	442	4,002
Ecology	-	85	-	85
Entrepreneurship	1,258	2,608	2,007	1,859
Faculty	159	230	208	181
FCA	311	2,087	1,550	848
FCCLA	225	309	419	115
Football	750	3,066	2,748	1,068
Forensics/Debate	2,109	6,827	6,855	2,081
Girls Basketball	254	1,002	983	273
Interest	3,671	376	4,025	22
Library	319	616	426	509

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
 School Activity Funds  
 Statement of Cash Receipts and Cash Disbursements - Actual  
 Year Ended June 30, 2011

<u>Funds</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Student Organization Funds (continued):				
Bluestem High School (continued)				
Lion Pride Program	\$ 450	\$ -	\$ 450	\$ -
Madrigals	405	1,842	1,726	521
Newspaper	756	-	-	756
NHS	839	222	606	455
Play	1,510	2,376	2,399	1,487
Pop Sales	-	1,624	870	754
Production Technology	40	-	-	40
SADD	419	912	1,013	318
Scholars Bowl	-	391	105	286
Sci Con	32	-	-	32
Softball	127	100	201	26
SRO	366	-	35	331
Student Council	159	10,156	9,359	956
Track	41	1,000	308	733
Volleyball	1	981	982	-
Weight Lifting	76	100	100	76
Work Production	426	306	241	491
Yearbook	835	5,996	6,036	795
BHS Petty Cash	921	1,000	921	1,000
Golf Fundraising	2,660	1,609	2,064	2,205
BHS Building Fund	1,115	-	1,115	-
Athletics Funds	-	-	-	-
Skills USA	552	9,144	9,097	599
Staff Recognition	134	-	134	-
Civics Fund	6	-	6	-
Wrestling	641	497	1,108	30
Total High School	48,806	142,474	140,683	50,597
Bluestem Middle School:				
Building Activities	1,332	-	1,332	-
BMS Fundraising	3,147	1,600	4,747	-
Cheer Fundraising	771	-	771	-
Student Fundraisers	1,571	241	1,812	-
Read-a-thon	1,267	-	1,267	-
BMS Petty cash	1,052	-	1,052	-

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
School Activity Funds  
Statement of Cash Receipts and Cash Disbursements - Actual  
Year Ended June 30, 2011

<u>Funds</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Student Organization Funds (continued):				
Bluestem Middle School:				
STUCO	\$ 1,301	\$ -	\$ 1,301	\$ -
Pop	1,939	140	2,079	-
Eighth Grade	960	528	1,488	-
Staff Appreciation	-	395	395	-
Total Middle School	13,340	2,904	16,244	-
Leon Grade School	27,832	43,518	36,341	35,009
Total Student Organization Funds	<u>\$ 89,978</u>	<u>\$ 188,896</u>	<u>\$ 193,268</u>	<u>\$ 85,606</u>

The notes to the financial statements are an integral part of this statement.

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
 District Activity Funds  
 Statement of Cash Receipts, Expenditures and Unencumbered Cash  
 Year Ended June 30, 2011

Funds	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances	Ending Cash Balance
Gate Receipts:						
Athletics *	\$ 1,900	\$ 24,047	\$ 24,841	\$ 1,106	\$ -	\$ 1,106
Total District Activity Funds	<u>\$ 1,900</u>	<u>\$ 24,047</u>	<u>\$ 24,841</u>	<u>\$ 1,106</u>	<u>\$ -</u>	<u>\$ 1,106</u>

\* High School and Middle School were stated seperately in prior year. These funds are now all adminstered as one.

The notes to the financial statements are an integral part of this statement.

# BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

## Notes to Financial Statements

June 30, 2011

### 1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Bluestem Unified School District No. 205 (the District) is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District's management, who is responsible for their integrity and objectivity. These accounting policies conform to a comprehensive basis of accounting other than generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

#### Reporting Entity

Bluestem Unified School District No. 205 Board of Education ("Board") is the basic level of government which has financial accountability and control over all activities related to the public school education in the City of Leon, Kansas. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since the seven Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the District's reporting entity.

#### Basis of Presentation

Fund Accounting - A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the fiscal year of 2011:

#### Governmental Funds

General Fund - to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds - to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditures for specified purposes.

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

Notes to Financial Statements

June 30, 2011

1. Summary of Significant Accounting Policies (continued)

Debt Service Funds - to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt.

Fiduciary Funds

Expendable Trust Funds - to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Basis of Accounting

*Statutory Basis of Accounting.* The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The District has approved a waiver from generally accepted accounting principles, allowed by the State of Kansas, which allows the District to report on the statutory basis of accounting.

*Departure from Accounting Principles Generally Accepted in the United States of America.* The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. General fixed assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes and compensated absences are not presented in the financial statements.



BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

Notes to Financial Statements

June 30, 2011

2. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute) and debt service funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1<sup>st</sup>.
2. Publication in local newspaper on or before August 5<sup>th</sup> of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

Notes to Financial Statements

June 30, 2011

2. Budgetary Information (continued)

A legal operating budget is not required for capital projects, trust funds and the following special revenue funds:

Contingency Reserve Fund  
Textbook Rental and Student Material Revolving Fund  
Auditorium Renovation Fund  
Federal Projects Funds  
Gate Receipts  
Gifts and Grants Fund  
Rural School Achievement Grant

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

3. Interfund Transfers

Recurring annual transfers between budgetary funds for the purpose of shifting resources from the fund legally required to receive the revenue to the fund authorized to expend the revenue are as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	At Risk (K-12) Fund	K.S.A. 72-6428	\$ 500
General Fund	Special Education Fund	K.S.A. 72-6428	743,000
General Fund	Vocational Education Fund	K.S.A. 72-6428	16,457
General Fund	Contingency Reserve Fund	K.S.A. 72-6428	31,060
Supplemental General Fund	At Risk (K-12) Fund	K.S.A. 72-6428	90,139
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6428	268,053
Supplemental General Fund	Food Service Fund	K.S.A. 72-6428	27,000

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

Notes to Financial Statements

June 30, 2011

4. Defined Benefit Pension Plan

*Plan description.* The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Funding policy.* K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% (Tier 1) and 6% (Tier 2) of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 9.17% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas' contribution to KPERS for all Kansas public school employees for the years ending June 30, 2011, 2010 and 2009 were \$188,864,352, \$248,468,186, and \$242,277,363 respectively, equal to the required contributions for each year as set forth by the legislature. Remaining balance due from the State for year ending June 30, 2011 of \$64,969,692 was received by July 12, 2011. The amounts attributable to the District for the years ending June 30, 2011, 2010, 2009 were \$205,620, \$265,771, and \$280,415.

5. Compensated Absences

Vacation

Twelve month non-teacher personnel are provided vacation based on years of service. All earned vacation time is to be taken from July 1 to June 30 of each fiscal year and cannot be accumulated or carried forward. Hence, there is no estimated liability for accrued vacation pay at June 30, 2011.

Sick Leave

Full-time teachers contracted for twelve-month positions start each school year with ten days of sick leave with full pay. Teachers may accumulate unused sick leave to a total of 70 days. Classified personnel contracted for twelve-month positions start each school year with 9 days of sick leave with full pay and may accumulate to a total of 50 days. Although there is not a policy that states accrued sick leave will be paid to employees retiring or terminating, as a matter of past practice, some personnel requesting payment for their accumulated leave have been compensated for it.

The District's certified and classified personnel have an accumulation of 828 days of unused sick leave for an estimated liability of \$39,895.

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

Notes to Financial Statements

June 30, 2011

6. Deposits and Investments

Deposits

At June 30, 2011, the carrying amount of the District's deposits was \$1,797,433. The bank balance was \$2,181,407. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance \$250,000 was covered by FDIC insurance and the remaining \$1,931,407 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the District's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the district, the pledging bank, and the independent third-party bank holding the pledged securities.

Investments

Kansas statutes authorize the District to invest in U.S. Treasury bills and notes, repurchase agreements and the State Treasurer's investment pool. All investments must be insured, registered, or held by the District or its agent in the District's name. The District's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the dealer bank's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the dealer bank. Of the three risk categories, the investments classified in Risk Category 1 have the least risk to the District.

At June 30, 2011, the District had no investments required to be categorized in the risk categories discussed in the preceding paragraph.

7. Risk Management

The District is exposed to various risks for loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district carries commercial insurance for all risks of loss.

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

Notes to Financial Statements

June 30, 2011

8. Subsequent Events

Subsequent events have been evaluated through January 16, 2012, which is the date the financial statements were available to be issued. There were no such events identified to be disclosed.

9. Compliance with Kansas Statutes

The District was in violation of K.S.A. 9-1402 regarding the adequate pledging of securities during two months of the year.

The District was in violation of K.S.A. 79-2935 regarding spending in excess of the budgeted authority for the Special Education Fund.

Management is aware of no other statutory violations for the year ended June 30, 2011.

10. Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d)

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) requires the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by the Statutes.

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
GENERAL FUND  
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET  
Year Ended June 30, 2011

	<u>Budget</u>	<u>Statutory Transactions</u>	<u>Variance Favorable (Unfavorable)</u>
STATUTORY REVENUES:			
Taxes and Shared Revenue:			
Ad valorem property	\$ 491,947	\$ 492,643	\$ 696
Delinquent tax	8,724	30,115	21,391
Mineral production tax	-	2,983	2,983
Federal Aid:			
Education job funds	80,827	80,827	-
ARRA stabilization funds	-	141,527	141,527
State Aid:			
Equalization aid	3,187,899	2,940,854	(247,045)
Special education aid	510,120	590,572	80,452
Reimbursements (net \$1,098 state aid)	-	46,127	46,127
Total Statutory Revenues	<u>4,279,517</u>	<u>4,325,648</u>	<u>46,131</u>
EXPENDITURES:			
Instruction	2,045,266	2,095,341	(50,075)
Student support services	237,500	219,945	17,555
Instructional support services	222,400	182,868	39,532
General administration	320,100	241,118	78,982
School administration	341,200	250,990	90,210
Operation and maintenance	319,562	320,108	(546)
Student transportation services	276,220	224,259	51,961
Transfers to:			
At Risk (K-12) Fund	-	500	(500)
Capital Outlay	130,000	-	130,000
Contingency Reserve	-	31,060	(31,060)
Special Education Fund	510,120	743,000	(232,880)
Vocational Education Fund	-	16,457	(16,457)
Adjustment to comply with legal max	(122,849)		(122,849)
Legal General Fund Budget	<u>4,279,519</u>	<u>4,325,646</u>	<u>(46,127)</u>
Adjustment for qualifying budget credits		-	-
Total Expenditures	<u>4,279,519</u>	<u>4,325,646</u>	<u>(46,127)</u>
Revenues Over (Under) Expenditures	(2)	2	4
MODIFIED UNENCUMBERED CASH, JULY 1, 2010	<u>2</u>	<u>2</u>	<u>-</u>
MODIFIED UNENCUMBERED CASH, JUNE 30, 2011	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 4</u>

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
SUPPLEMENTAL GENERAL FUND  
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET  
Year Ended June 30, 2011

	<u>Budget</u>	<u>Statutory Transactions</u>	<u>Variance Favorable (Unfavorable)</u>
STATUTORY REVENUES:			
Taxes and Shared Revenue:			
Ad valorem property	\$ 719,361	\$ 748,384	\$ 29,023
Delinquent tax	11,071	37,077	26,006
Motor vehicle tax	111,561	95,128	(16,433)
State Aid:			
Supplemental state aid	586,066	603,795	17,729
Total Statutory Revenues	<u>1,428,059</u>	<u>\$ 1,484,384</u>	<u>56,325</u>
EXPENDITURES:			
Instruction	160,000	169,675	(9,675)
Operations and maintenance	267,938	793,699	(525,761)
Student transportation services	89,000	79,493	9,507
Transfers to:			
At Risk (K-12) Fund	427,734	90,139	337,595
Food Service Fund	27,539	27,000	539
Special Education Fund	192,000	-	192,000
Vocational Education Fund	308,000	268,053	39,947
Adjustment to comply with legal max	(44,152)	-	(44,152)
Total Expenditures	<u>1,428,059</u>	<u>1,428,059</u>	<u>-</u>
Revenues Over (Under) Expenditures	-	56,325	56,325
MODIFIED UNENCUMBERED CASH, JULY 1, 2010	<u>-</u>	<u>-</u>	<u>-</u>
MODIFIED UNENCUMBERED CASH, JUNE 30, 2011	<u>\$ -</u>	<u>\$ 56,325</u>	<u>\$ 56,325</u>

The notes to the financial statements are an integral part of this statement.

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

Notes to Financial Statements

Year Ended June 30, 2011

12. Long-term Debt

Changes in long-term liabilities for the District for the year ended June 30, 2011 were as follows:

	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds:										
Series 2009 Refunding	2.0% to 2.5%	9/1/2009	\$ 3,120,000	9/1/2014	\$ 3,120,000	\$ -	\$ 545,000	\$ -	\$ 2,575,000	\$ 63,588
QSCB Bonds:	1.86% to 5.4%	3/13/2010	\$ 1,300,000	5/13/2020	1,300,000	-	130,000	-	1,170,000	48,685
Capital Leases:										
Energy Equipment	4.33%	4/13/2007	\$ 872,512	4/13/2022	739,360	-	48,282	-	691,078	32,014
Bobcat	8.99%	10/30/2010	\$ 25,896	10/30/2011	-	26,108	3,300	-	22,808	-
Apple Computers	2.92%	6/12/2008	\$ 129,452	7/10/2011	64,649	-	31,539	-	33,110	3,220
Apple Computers	1.90%	10/16/2008	\$ 75,576	10/16/2011	29,802	-	14,512	-	15,290	1,598
Total Capital Leases					833,811	26,108	97,633	-	762,286	36,832
Total Contractual Indebtedness					5,253,811	26,108	772,633	-	4,507,286	149,105
Compensated absences	N/A	N/A	N/A	N/A	74,500	-	-	(34,605)	39,895	-
Total Long-Term Debt					\$ 5,328,311	\$ 26,108	\$ 772,633	\$ (34,605)	\$ 4,547,181	\$ 149,105

Annual Debt Service Requirements

	2012	2013	2014	2015	2016	2017-2021	2022-2026	Total
Principal:								
General obligation bonds	\$ 605,000	\$ 630,000	\$ 655,000	\$ 685,000	\$ -	\$ -	\$ -	\$ 2,575,000
QSCB bonds	130,000	130,000	130,000	130,000	130,000	520,000	-	1,170,000
Capital leases	121,581	52,554	54,829	57,203	59,680	339,475	76,964	762,286
Total Principal Payments	856,581	812,554	839,829	872,203	189,680	859,475	76,964	4,507,286
Interest:								
General obligation bonds	52,087	38,950	24,494	8,562	-	-	-	124,093
QSCB bonds	46,267	43,212	39,468	35,126	30,199	63,180	-	257,452
Capital leases	33,318	27,743	25,467	23,093	20,616	62,006	3,333	195,576
Total Interest Payments	131,672	109,905	89,429	66,781	50,815	125,186	3,333	577,121
Total Principal and Interest	\$ 988,253	\$ 922,459	\$ 929,258	\$ 938,984	\$ 240,495	\$ 984,661	\$ 80,297	\$ 5,084,407



**MEMBERS**  
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JOHN B. GOSS, C.P.A.

**PRINCIPALS**  
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**PETERSON, PETERSON & GOSS, L.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

417 NORTH TOPEKA AVENUE  
P.O. BOX 1259

**WICHITA, KANSAS 67201-1259**

TELEPHONE 316-262-8371

FAX 316-262-5369

www.ppglc.com

**MEMBER OF THE  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS**

**OF COUNSEL  
MARVIN W. NYE, C.P.A.**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education  
Bluestem Unified School District No. 205  
Leon, Kansas

We have audited the basic financial statements of Bluestem Unified School District No. 205 as of and for the year ended June 30, 2011, and have issued our report thereon dated January 16, 2012, report disclosed that, as discussed in Note 1 to the financial statements, the District prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the District's internal control over financial reporting.

Internal Control Over Financial Reporting (continued)

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Education and management of Bluestem Unified School District No. 205, others within the District, Kansas State Board of Education and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Peterson Peterson & Zoss, LC

January 16, 2012

**PETERSON, PETERSON & GOSS, L.C.**

**MEMBERS**

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JOHN B. GOSS, C.P.A.

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**WICHITA, KANSAS 67201-1259**

TELEPHONE 316-262-8371

FAX 316-262-5369

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**MEMBER OF THE  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS**

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MARVIN W. NYE, C.P.A.**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education  
Bluestem Unified School District No. 205  
Leon, Kansas

**Compliance**

We have audited the compliance of Bluestem Unified School District No. 205 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Bluestem Unified School District No. 205 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

### Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be, deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Education and management of Bluestem Unified School District No. 205, others within the District, Kansas State Board of Education and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Peterson Peterson & Zoss, LC

January 16, 2012

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Bluestem Unified School District No. 205.
2. No significant deficiencies relating to the audit of the financial statements are reported in the report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Bluestem Unified School District No. 205 were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the report on compliance in accordance with OMB Circular A-133.
5. The auditor's report on compliance of the major federal award programs for Bluestem Unified School District No. 205 expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in Part C of this schedule.
7. The programs tested as major programs included:

Education Jobs Fund – 84,410  
Title I Cluster – 84,010 and 84,389  
Fresh Fruits and Vegetables – 10,582
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Bluestem Unified School District No. 205 did not qualify to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCIES

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

UNIFIED SCHOOL DISTRICT NO. 205  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity ID Number	Federal Expenditures	Award Amount by Cluster
U.S. Department of Agriculture:				
Passed-through Kansas Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	3529-3490	\$ 23,524	
National School Lunch Program	10.555	3530-3500	83,426	
Cash for Commodities	10.555	3530-3500	<u>12,170</u>	
Total Child Nutrition Cluster				119,120
Fresh Fruit and Vegetable Program	10.582	3230-3020	13,145	13,145
U.S. Department of Agriculture:				
Passed-through South Central Kansas Education Service Center:				
Rural Education Achievement Program	10.855	KS-722-C16	27,188	27,188
U.S. Department of Education:				
Passed-through Kansas Department of Education:				
Title I, Part A Cluster:				
Title I, Low Income	84.010	3532-3520	76,034	
ARRA - Title I, Low Income	84.389	3532-3525	<u>44,623</u>	
Total Title I, Part A Cluster				120,657
Title II-A, Improving Teacher Quality Cluster:				
Title II-A, Improving Teacher Quality	84.367	3526-3860	28,670	
Total Title II-A, Improving Teacher Quality Cluster				28,670
Educational Technology State Grants Cluster:				
Title II-D, Technology Literacy	84.318	3233-3040	257	
Total Educational Technology State Grants Cluster				257
Education Jobs Fund	84.410	3551-3551	141,527	141,527
ARRA - State Fiscal Stabilization Funds - 2009	84.394	3790-3790	<u>80,827</u>	<u>80,827</u>
Total				<u>\$ 531,391</u>

The notes to the financial statements are an intergral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 205  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011

Note 1 - Basis of Presentation

The schedule of expenditures of federal awards is presented using the accounting practice prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, the same as the financial statements accompanying this schedule. The information is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

UNIFIED SCHOOL DISTRICT NO. 205  
Summary of Prior Audit Findings  
Year Ended June 30, 2011

There are no prior audit findings.